

CHAPTER 2: ECONOMY AND POPULATION



TABLE OF CONTENTS

<i><u>Title</u></i>	<i><u>Page</u></i>
Table of Contents	2-1
I. Economy	2-3
A. Existing Situation	2-3
B. Future Opportunities	2-6
C. Goals and Policies	2-7
D. Attracting and Retaining Business and Industry	2-10
E. Economic Development in This Plan	2-11
F. Economic Effects of This Plan	2-13

TABLE OF CONTENTS

II. Population and Housing	2-16
A. Historical Population Growth	2-16
B. Population Profiles	2-18
C. Population Projections	2-19
D. Housing Vacancies and Occupancy Type	2-24
 III. Programs	 2-25

<u>Figure</u>	<u>Page</u>
2-1: Existing Hotel/Motel Units and Potential at Buildout	2-11
2-2: Existing and Potential Non-residential Development	2-12
2-3: Jobs-to-Employed Residents (J/ER) Ratios	2-14
2-4: Leakage of Retail Sales	2-15
2-5: Historical Population Growth	2-17
2-6: Population Age Distribution	2-18
2-7: Existing Population and Theoretical Potential at Buildout	2-20
2-8: Housing Occupancy Type and Vacancy Rates	2-24

<u>Table</u>	<u>Page</u>
2-1: Place of Work	2-4
2-2: Employment of Civilian Residents Aged 16 and Over by Industry	2-5
2-3: Historical Population Growth	2-17
2-4: Population Age Distribution	2-18
2-5: Estimated Growth and Buildout	2-22
2-6: Schedule for Completing Recommended Programs	2-26

I. ECONOMY

A. Existing Situation

The area's economy is fueled primarily by income from jobs located in other communities. Los Osos and Cayucos are "bedroom communities," since roughly 85 to 90 percent of their workers commute to jobs in other communities (see Table 2-1, Place of Work: Workers 16 Years and Over). Although the city of Morro Bay provides some employment for local residents (and contributes significantly to the area's economy), a large percentage of local workers find employment in the San Luis Obispo area.

Los Osos and Cayucos have businesses that provide retail and service uses to local residents, but lack major employers, large-scale manufacturing and industrial uses (the employment of residents by industry is shown in Table 2-2). In Los Osos, although there are many tourist attractions in the area, there are currently few visitor-serving businesses. In Cayucos, this sector of the economy is more important. In both communities, the commercial sectors are currently under-developed compared to nearby incorporated cities, and residents are spending much of their money outside of the planning area. In the rural areas outside of Los Osos and Cayucos, most economic activity is related to agriculture.

FIRST TWO PARAGRAPHS OF EXISTING TEXT MOVED TO SECTION IIA., HISTORICAL POPULATION GROWTH

~~It is anticipated that the economy of the area will remain largely dependent upon the tourism/recreation industry and the continued viability of both intensive and extensive agriculture. Both South Bay and Cayucos will remain basically as residential communities, each attractive for retirement homes and supporting local retail and services industries in accordance with population growth.~~

The city of Morro Bay, located on the north side of Morro Bay, is the recognized visitor-serving center. ~~The city plans to strengthen its tourist base through improvements to its waterfront, harbor and tourist facilities.~~ The economy of the city of Morro Bay is primarily oriented to the strong attraction of tourism/recreation activities and the desirability of the area as a place of retirement. The city also serves as a place of residence for persons employed in other communities, particularly San Luis Obispo. **THE FOLLOWING SENTENCES MOVED TO "FUTURE OPPORTUNITIES"**

~~South Bay has long been considered highly attractive to permanent and temporary residents alike. The mild climate and slow pace of the "rural-like" setting, coupled with closely surrounding natural areas, contribute to its attractiveness. In addition, South Bay's proximity to the major employment centers of the county and a relatively high proportion of retired persons make possible a viable community without major growth in its economic base. Other~~

ECONOMY: EXISTING SITUATION

important factors historically have been the availability of relatively inexpensive land and low property taxes. These characteristics however, are in the process of change to a point where low land costs and taxes are diminishing along with their growth-inducing implications.

The economy of Cayucos is heavily oriented to both retirement and resort/ recreation. According to a questionnaire survey for general plan studies of Cayucos in 1974, it was estimated that 64% of the employment force was involved in trade and services, with an additional 14% in tourist services. While it would be desirable to diversify the present economy, the possibility of major changes seems unlikely in the foreseeable future. It is anticipated that Cayucos will remain dependent upon both Morro Bay and San Luis Obispo for employment opportunities and major commercial services.

Table 2-1: Place of Work: Workers 16 Years and Over¹

Place of Work	Cayucos		Los Osos	
Within Community of Residence	179	13.3%	718	10.5%
Outside Community of Residence	1,171	86.7%	6,112	89.5%
Total	1,350	100.0%	6,830	100.0%
<p>1 Figures are estimates calculated by adding numbers of workers who travel less than 5 minutes to work and numbers of residents working at home</p> <p>Source: 2000 Census of Population and Housing</p>				

ECONOMY: EXISTING SITUATION

Table 2-2: Employment of Civilian Residents Aged 16 and Over by Industry¹

Industry	Cayucos		Los Osos		County ²	
Retail Trade	80	5.7%	720	10.4%	13,561	12.4%
Educational, Health, and Social Services	252	18.1%	1728	24.9%	23,923	21.8%
Construction	184	13.2%	407	5.9%	8,642	7.9%
Professional, Scientific, Management, Administrative, and Waste Management Services	99	7.1%	808	11.7%	10,336	9.4%
Public Administration	55	3.9%	584	8.4%	6,770	6.2%
Finance, Insurance, Real Estate, and Rental and Leasing	76	5.5%	392	5.7%	5,545	5.1%
Manufacturing	67	4.8%	502	7.2%	7,772	7.1%
Agriculture, Forestry, Fishing, Hunting, Mining	71	5.1%	103	1.5%	4,134	3.8%
Information	33	2.4%	269	3.9%	2,907	2.7%
Other Services (except Public Administration)	77	5.5%	397	5.7%	5,883	5.4%
Wholesale Trade	54	3.9%	131	1.9%	2,721	2.5%
Transportation and Warehousing, Utilities	87	6.2%	227	3.3%	4,975	4.5%
Arts, Entertainment, Recreation, Accommodation, and Food Services	259	18.6%	663	9.6%	12,500	11.4%
Total	1,394	100.00	6,931	100.00	109,669	100.00

1 This table shows the employment of residents within Cayucos and Los Osos, not the jobs within those communities. For example, a resident of Los Osos who works in the retail trade industry in San Luis Obispo is counted as an employed person living in Los Osos.

2 Refers to all of San Luis Obispo County, including incorporated cities.

Source: 2000 Census of Population and Housing

B. Future Opportunities

Both Los Osos and Cayucos have many attributes that are conducive to economic development. The communities are located in beautiful natural settings with mild, coastal climates and a high quality of life. Major tourist attractions such as Montaña de Oro and Morro Bay State Parks and the Cayucos area beaches draw over 1.5 million visitors per year.

In addition to its natural assets, Los Osos and Cayucos offer several other advantages for businesses looking to locate in the area. For example, the potential work force is attractive to business, as the general level of education of residents in Los Osos and Cayucos is higher than that for residents of the county as a whole (*2000 Census of Population and Housing*). Businesses should also find the lower housing prices in Los Osos compared to the cities of Morro Bay and San Luis Obispo a definite advantage. These advantages, together with the area's high-quality environment, are becoming increasingly more important considerations for businesses. With continuing advances in telecommunications, many businesses and industries no longer need to locate in traditional locations near major transportation facilities and markets, and instead are freer to locate in areas that offer qualities like those found in the Estero Planning Area.

Los Osos

In Los Osos, there are opportunities to improve the local economy. For example, jobs can be created for local residents by encouraging environmentally-friendly businesses such as "clean," high-technology industries, perhaps in a business park. This can improve the jobs/housing balance, stimulate other local businesses and economic activity, reduce commuting and associated air pollution, and save energy.

Additional flexibility in zoning regulations can help retain existing businesses and encourage new businesses by allowing a wider variety of uses in the commercial zone. Policies and standards to encourage active, pedestrian-oriented commercial areas with mixed-use development can also help stimulate commercial and general activity by making these areas attractive and functional for shopping, dining, and public gatherings.

There are also opportunities to expand recreation and tourist-oriented uses, taking advantage of the area's natural assets and existing tourist presence. Additional lodging, "eco-tourism," and recreational services are possibilities.

With development of more employment-generating uses, retail commercial and tourist-oriented development, Los Osos can move towards its vision of a more self-sufficient, environmentally-oriented community that offers economic opportunities and maintains a high quality of life.

Cayucos

In Cayucos, there are opportunities to improve the local economy through carefully planned commercial, visitor-serving and residential development that is consistent with the current nature of the community as a small-town beach community. Both the residential and visitor-serving aspects of the economy should be emphasized, and a balance should be struck between these uses.

~~In the city of Morro Bay, it is anticipated that tourism will continue to be reinforced through long-range plans for development of the harbor, waterfront and tourist facilities. It is expected that the city's economy will remain highly dependent and that economic dependency on tourism. will remain strong. The continued attraction of the community for retirement could be substantially affected by the sharp rise in housing and property values in coastal communities.~~ **MOVED FROM "EXISTING SITUATION"**

C. Goals and Policies

Improving the economic climate of the planning area is a key part of maintaining a high quality of life. This can be achieved if certain steps are taken to diversify the economy, provide additional employment opportunities, and generally encourage business and economic development. The following goals and policies are intended to instigate activities both within and outside of the context of this area plan.

Goals For Entire Planning Area

- 1. Encourage economic development that will generate local employment for residents, create an adequate supply of goods and services locally, help generate revenues to fund needed public services and facilities, and make the area more economically self-sufficient.*
- 2. Provide sufficient areas for a variety of commercial, tourist-serving and employment-generating businesses to provide jobs for residents, generate local business activity, increase taxable sales and reduce loss of such sales to other areas, and increase transient occupancy and property tax revenues.*
- 3. Maintain a strong agricultural sector of the economy by offering incentives and positive county programs that support agriculture.*
- 4. Take advantage of the planning area's scenic beauty and recreational attractions to expand tourist and visitor-serving development where appropriate such as a golf*

ECONOMY: GOALS AND POLICIES

course; small-scale resort/retreat; visitor accommodations; bicycle, hiking and equestrian trails; and low-cost recreation.

5. *Promote both visitor-serving development and development that serves local residents, while maintaining the small-town, rural character of the area's communities.*
6. *Improve commercial areas by making them more attractive and pedestrian friendly in order to attract shoppers and businesses and increase economic and general activity.*

Cayucos

The community has established the following goal (No.7) and policies (Nos. 8-10) that relate to improving the economy (listed in Chapters 1 and 4):

7. *Plan for the visitor-serving and residential features of the community to coexist in harmony and supplement each other. Emphasize both features of the community and promote their excellent potential.*
8. *Provide a balance of community-serving and visitor-serving businesses and uses.*
9. *Provide additional parking, especially between B and E Streets, using a variety of means.*

Los Osos

In Los Osos, the following are examples of goals (Nos. 11, 15) and policies (Nos. 12-14; 16-21) that relate to improving and diversifying the economy (and are also listed in Chapters 1 and 4):

11. *Improve and diversify the local economy and create more opportunities for economic growth in order to make Los Osos more economically self-sufficient.*
12. *Attract non-polluting businesses that increase the job base within the community and help improve the local balance of jobs and housing* (such uses might be located within new business parks).
13. *Encourage development of professional office space.*

14. Encourage development of tourist-oriented facilities and activities such as:

- *Additional hotels, motels and other lodging*
- *Environmentally-oriented retreats, and conference centers for tourists and professionals*
- *Recreation focused on the bay (such as kayaking, canoeing, sailing) and on the scenic environment (such as hiking, bicycling, horse-back riding, and picnicking)*
- *Art galleries, and arts and crafts fairs*
- *Programs and facilities for bird watching, photography, nature study, and other environmentally-oriented, educational activities by individuals and organized groups: "eco-tourism."*

In Commercial and Office and Professional Categories:

- 15. Provide flexible zoning that enables businesses to expand and remain in the community, and establish incentives to encourage good design of commercial development.*
- 16. Encourage development of the following uses:*
- *Additional motels, hotels and other lodging facilities*
 - *A multi-media center which can be linked to the world through Internet and World Wide Web*
 - *Media links to educational facilities and other networks to permit in-home occupation and business development without commuting*
 - *A small, user-friendly government center*
 - *A community medical center*
 - *A cinema*
 - *Arts and crafts fairs*
- 17. Promote pedestrian travel and activities so that commercial areas become pedestrian rather than automobile-oriented.*
- 18. Do not establish new, competing commercial areas, other than perhaps neighborhood-serving commercial areas.*
- 19. Reduce permit levels or otherwise streamline permit processing for proposed projects that fully comply with specified standards.*

Policies in the Central Business District Within the Commercial Retail Category:

20. *Concentrate a variety of retail trade, non-government office and professional, service, and residential uses in the central business district. Offer flexibility in the types of uses that are allowable.*
21. *Create a design plan for the central business district and standards to achieve the following:*
 - *Encourage off-site and shared parking among different businesses.*
 - *Design streets, streetscapes, landscaping, parking lots, and buildings to encourage pedestrian use and activities.*
 - *Design new development to emphasize the importance of public spaces.*

D. Attracting and Retaining Business and Industry

A Business Retention, Expansion & Attraction Study (Economic Strategies Group, December 1994) prepared for the county recommended several "industry clusters" that should be targeted for development in this county. The study also gives examples of types of businesses within each industry cluster. The clusters are:

- *Agriculture:* *agricultural services, biotechnology, food processing*
- *Construction:* *development services (contractors, engineering, finance, real estate)*
- *Environment:* *environmental technology*
- *Computers:* *tele-communications and high-technology entertainment, software development, information processing and computer services*
- *Tourism:* *tourism and lodging*

Many of these clusters appear to be very well suited to the planning area. For example, in Los Osos, information and technology-type industries are a good fit for the community because they are "clean," often do not require location next to a highway and benefit from a local, well educated work force. In both Los Osos and Cayucos, tourism and lodging are ideal industries to target for development because they take advantage of the natural beauty and recreational opportunities in the area.

ECONOMY: ATTRACTING AND RETAINING BUSINESS AND INDUSTRY

This plan provides suitable areas for commercial, office and other business development. However, simply providing zoning and standards for "clean," high-technology industries, by itself, may not attract businesses to the planning area. Much more needs to be done to attract certain kinds of industries. For example, a comprehensive economic development program should be promoted by the community. This program could help attract the best potential businesses to the area and encourage new investment in the community. To further stimulate economic growth, existing local or family-owned businesses can be assisted so that profits will remain within the county.

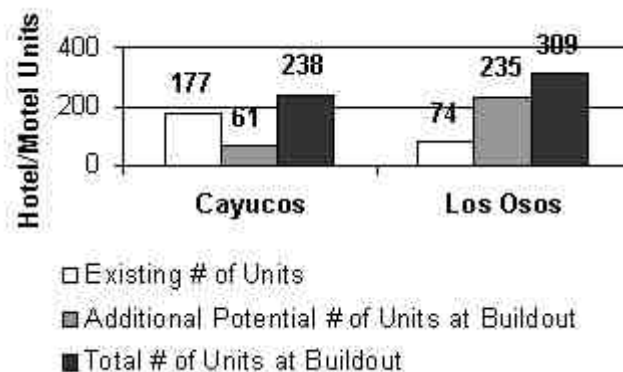
Countywide measures to retain and attract business and industry are discussed in the *Business Retention, Expansion & Attraction Study* and in the Economic Element of the county General Plan. The Economic Advisory Committee makes recommendations to the Board of Supervisors on economic development policies, including attracting industry to the county.

E. Economic Development in This Plan

Potential Hotel/Motel, Office and Commercial Development

This plan provides for additional employment opportunities in tourist-oriented and business park development. Figure 2-1 compares existing hotel/motel development with potential development at buildout. Figure 2-2 compares existing office, commercial, and service commercial development with potential development at buildout.

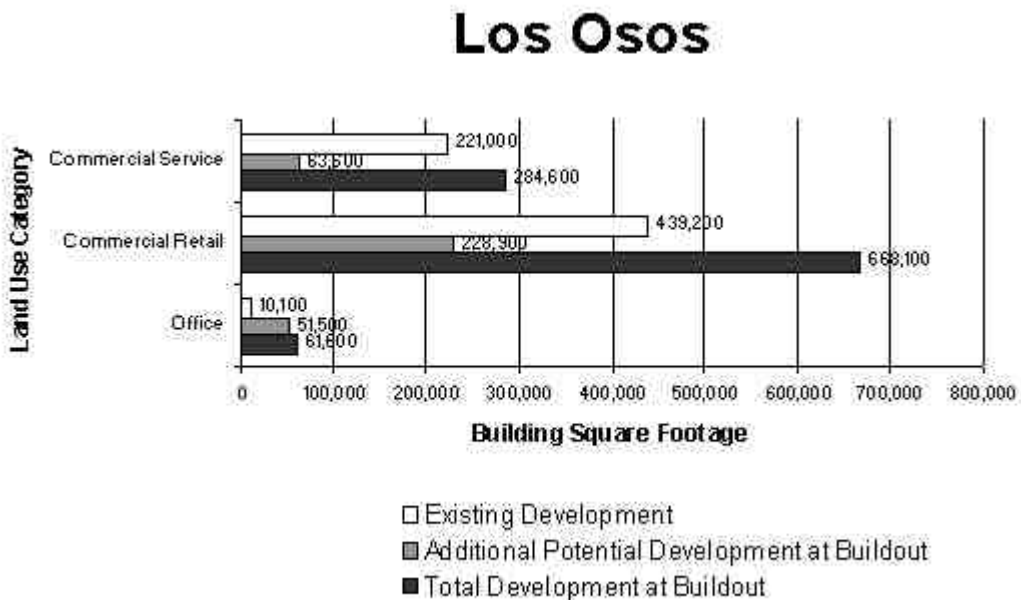
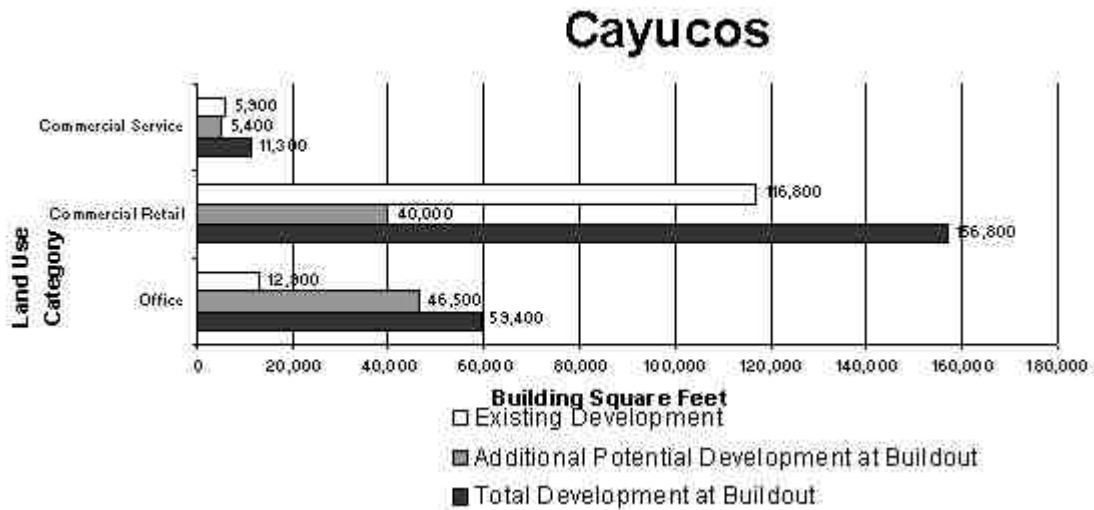
Figure 2-1: Existing Hotel/Motel Units and Potential at Buildout



Note: Excludes vacation rentals.

ECONOMY: ECONOMIC DEVELOPMENT IN THIS PLAN

Figure 2-2: Existing and Potential Non-residential Development



NOTE: The amounts of Office, Commercial Retail, and Commercial Service development refer to the square-footage of existing development and estimated future development at buildout within those land use categories.

F. Economic Effects of This Plan

Jobs/Housing Balance

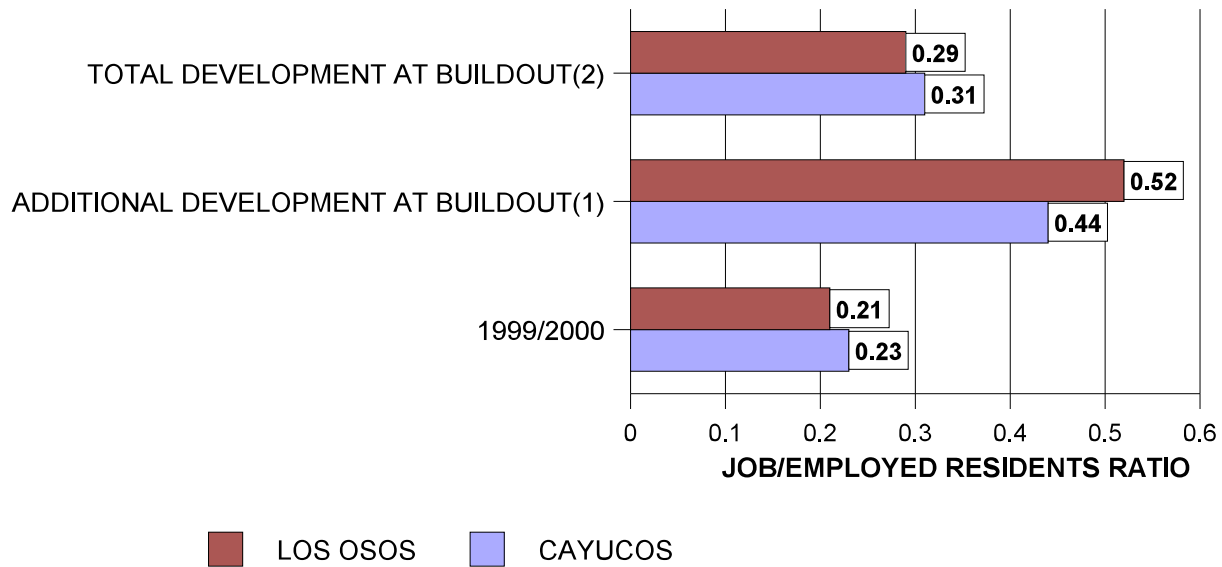
This section compares the amounts of jobs and housing units in Cayucos and Los Osos, as of 1999/2000 and at buildout. The balance of jobs and housing is measured by comparing the ratio of jobs to employed residents. This *jobs-to-employed-residents ratio (J/ER)* is calculated by dividing the number of jobs by the number of workers living in a community.

In general, a J/ER ratio of 1.0 is considered ideal, while a ratio below 1.0 may indicate that a disproportionate number of residents commute to work in other areas. This can increase traffic congestion, pollution and energy use. It can also indicate that the local economy may be losing sales tax revenues to other communities, signaling a weakness in the local economy. However, it should be recognized that the J/ER ratio is highly theoretical. What it really indicates is whether there are sufficient *opportunities* for residents to be employed in the community where they live. In reality, though, residents may actually work in other communities for a variety of reasons. Therefore, it is possible for a community to have a desirable J/ER ratio of 1.0, for example, yet have a much lower ratio considering the proportion of local resident workers that actually work within the community.

As shown in Figure 2-3, the 1999/2000 J/ER ratio was .23 in Cayucos and .21 in Los Osos, well below the ratios in nearby cities. For example, the J/ER ratio was .75 in Morro Bay and .68 in Atascadero. These J/ER ratios are based on U.S. Census Bureau figures for numbers of employees (per 1999 County Business Patterns) and the employed civilian population (per 2000 U.S. Census of Population and Housing). At buildout in both Cayucos and Los Osos, the *overall* J/ER ratios, including existing development, would improve somewhat: .31 in Cayucos and .29 in Los Osos. However, even with substantial increases in the amount of commercial development at buildout, both Cayucos and Los Osos would still not be able to provide employment opportunities for all of the resident workers.

Another way to look at how this plan affects the jobs and housing picture is to determine the J/ER ratio for the *additional development* projected in this plan. This indicates the extent to which growth in population and workers is matched by growth in job opportunities. In this regard, the J/ER ratios would improve in both Cayucos and Los Osos compared to the existing situation: .44 in Cayucos and .52 in Los Osos for the *additional development* projected in this plan. However, these J/ER ratios would still be below the existing ratios for all development in nearby cities.

Figure 2-3: Jobs-to-Employed Residents (J/ER) Ratios



Notes:

1. Jobs/Employed Residents (J/ER) ratio is *new* employment in the community divided by the number of *new* workers living in the community, as projected at buildout.
2. J/ER ratio is *total* employment in the community divided by the *total number* of workers living in the community, as projected at buildout.

Sources: U.S. Census Bureau 1999 County Business Patterns (numbers of employees)
2000 U.S. Census of Population and Housing (numbers of employed civilians)

Sales Leakage

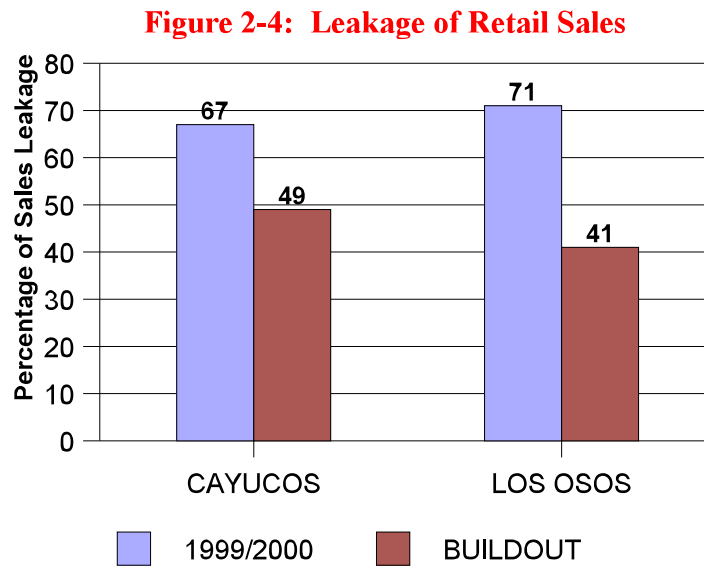
This section discusses the sales tax "leakage" and "capture" in Cayucos and Los Osos resulting from buildout under this plan, compared to the situation as of 1999/2000.

Sales leakage occurs when sales at retail stores (and hence sales tax revenues) are less than the total amount of money spent by residents. This indicates that residents travel outside of Cayucos or Los Osos for shopping, causing "leakage" of sales tax dollars to other communities. On the other hand, sales tax "capture" occurs when total sales in the community exceeds the total amount of money spent by residents. This indicates that people from other communities travel to Cayucos or Los Osos for shopping, thus "capturing" sales tax revenues from those other communities. A leakage or capture percentage of near zero is desirable, since it suggests that the retail needs of a community can be accommodated by local retail businesses. The following capture and leakage figures are estimates only. They are based on average sales per square foot of commercial development, which are assumed to substantially increase in the future as the variety and number of commercial businesses increase.

ECONOMY: ECONOMIC EFFECTS OF THIS PLAN

Currently, it is estimated that both Los Osos and Cayucos experience considerable leakage of retail sales to other communities such as Morro Bay, San Luis Obispo, Atascadero and Paso Robles. In Los Osos, estimated local taxable sales in 2000 were about \$30.8 million, compared to total estimated spending of about \$105.8 million by Los Osos residents. As a result, about \$75 million of retail sales "leaked" to other communities--about 71 percent. In Cayucos, about \$13.5 million of the total estimated spending of \$15 million leaked to other communities--a leakage of about 67 percent.

Figure 2-4 compares the percentage of leakage of retail sales in Cayucos and Los Osos at buildout to the situation in 1999/2000. At buildout in both Cayucos and Los Osos, substantially more retail spending would occur locally compared to 1999/2000, but substantial leakage to other communities could still occur: about 41 percent leakage for Los Osos; 49 percent for Cayucos. Much of the improvement from existing conditions, especially in Cayucos, is due to the assumption that the average amount of retail sales per square foot of commercial development will substantially increase in the future. In Los Osos, some of the improvement is also due to a relatively greater amount of commercial growth than residential growth at buildout.



Note: Percentage of sales leakage is the estimated amount of retail sales occurring outside the community divided by the total estimated spending by local residents

~~. The 1970 median income of Cayucos residents was \$7,935; below both the countywide and statewide average. A significant portion of residents (approximately 36%) were receiving social security. The combination of below-average incomes and the high percentage on a fixed or semi-fixed income has strong implications for meeting future resident needs.~~

II. POPULATION AND HOUSING

A. Historical Population Growth

The growth rate of the Estero Planning Area ~~had~~ **has** been among the highest in the county until the 1980s. Since that time, growth has slowed, largely because of building limitations due to concerns about water supply in Cayucos and sewage disposal in Los Osos. Most population growth has occurred in the communities of Los Osos and Cayucos, where about 95% of the current unincorporated population in the planning area lives.

Population in ~~South Bay~~ **Los Osos** increased from 3,490 to **10,933** ~~10,381~~ persons or **213%** ~~197%~~ between 1970 and 1980. By 1990, the population of Los Osos was 14,377, an increase of about 31% since 1980. During the same period, the population of the county increased by nearly 40%. The population has changed little since 1990. ~~In contrast, Morro Bay increased from 7,110 to 8,876 and~~

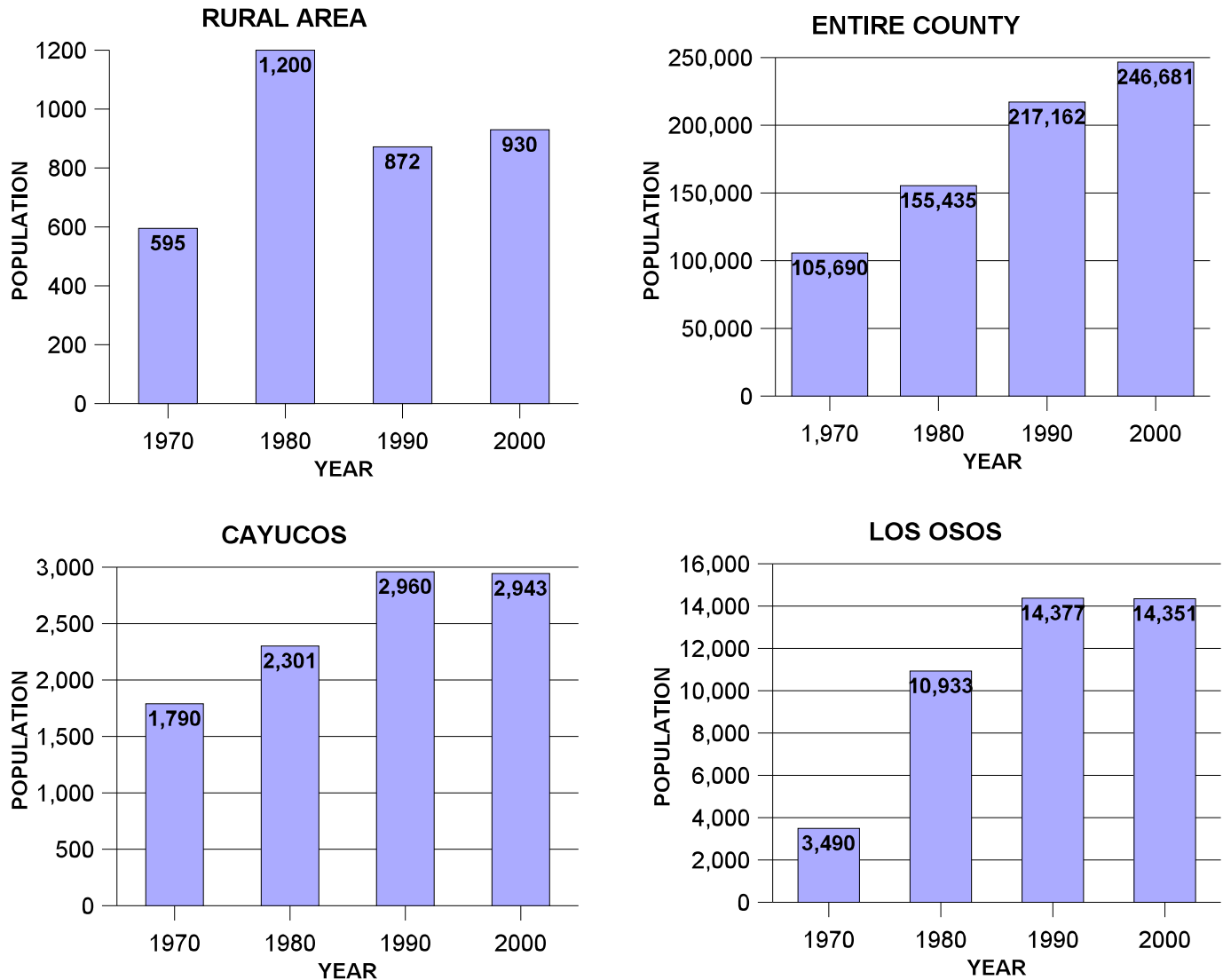
~~The population of Cayucos increased from 1,770 to 2,301 2,292 between 1970 and 1980, an increase of about 30%. By 1990, the population had increased to 2,960--an increase of about 29%--and has changed little since that time. in the same period, each representing a 25% or 29% increase.~~

~~The population of the rural portion of the planning area (outside of the urban reserve lines of Cayucos and Los Osos) was about 820 in 1990, and has changed little since that time. Population figures for the rural area are approximate, since census data are not provided that correspond to that geographic area.~~

~~Historical population growth is illustrated in Figure 2-5 and Table 2-3. Most population figures in this chapter are taken from the U.S. Census of Population and Housing; the most recent census was in 2000.~~

POPULATION AND HOUSING: HISTORICAL POPULATION GROWTH

Figure 2-5 and Table 2-3: Historical Population Growth



% Changes	1990-2000		
	1970-1980	1980-1990	
CAYUCOS	28.5	28.6	0
LOS OSOS	213.3	31.5	0
RURAL	102	N/A	6.7
COUNTY	47.1	39.7	13.6

Notes: Population figures for the rural area are approximate and not based on census data; population estimates for years before 1990 are not comparable to post-1990 figures due to changes in planning area boundaries;

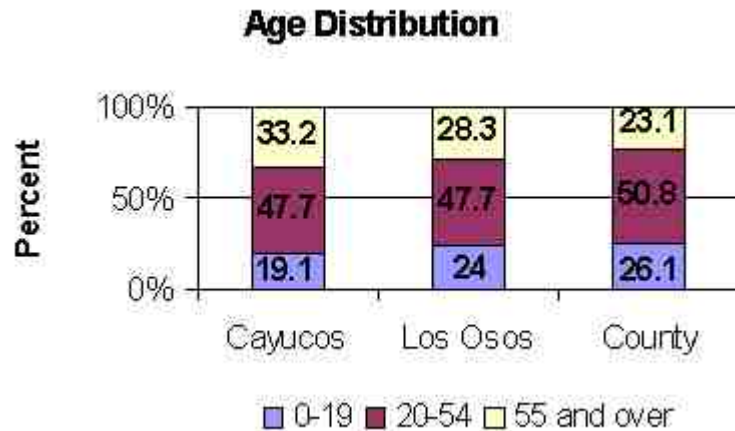
Sources: 2000 *U.S. Census of Population and Housing* , California State Department of Finance, SLO County

B. Population Profiles

Figure 2-6: Population Age Distribution

Age Profile

Compared to the county as a whole, both Los Osos and Cayucos have a smaller proportion of children and teenagers. For example, 24% of Los Osos residents are 20 and under, compared to 19.1% in Cayucos and 26.1% in the county as a whole (see Figure 2-6 and Table 2-4).



Both Los Osos and Cayucos have larger proportions of senior citizens than the county as a whole. In Los Osos, 28.3% of residents are 55 and over, compared to 33.2% in Cayucos and 23% in the county as a whole. This illustrates the attraction of the coastal communities and adjacent suburban and agricultural areas. The age structure for these coastal communities indicates that 22% of the population is over 64, well above the countywide average of 12%, indicating the desirability of these areas for retirement, and indicates a need to provide housing and services for this large segment of the population.

Table 2-4: Population Age Distribution

Age Range	Cayucos	Los Osos	County
0-19	561	3,448	64,337
20-54	1,404	6,841	125,390
55 and over	978	4,062	56,954
Total	2,943	14,351	246,681

Source: 2000 U.S. Census of Population and Housing

Education Level

Residents in the Estero Planning Area have generally attained a higher educational level than residents in the county as a whole. In both Los Osos and Cayucos, higher percentages—and in some cases substantially higher percentages—of residents age 25 and over hold bachelor's, master's and doctorate degrees, compared to the county as whole.

Household Size

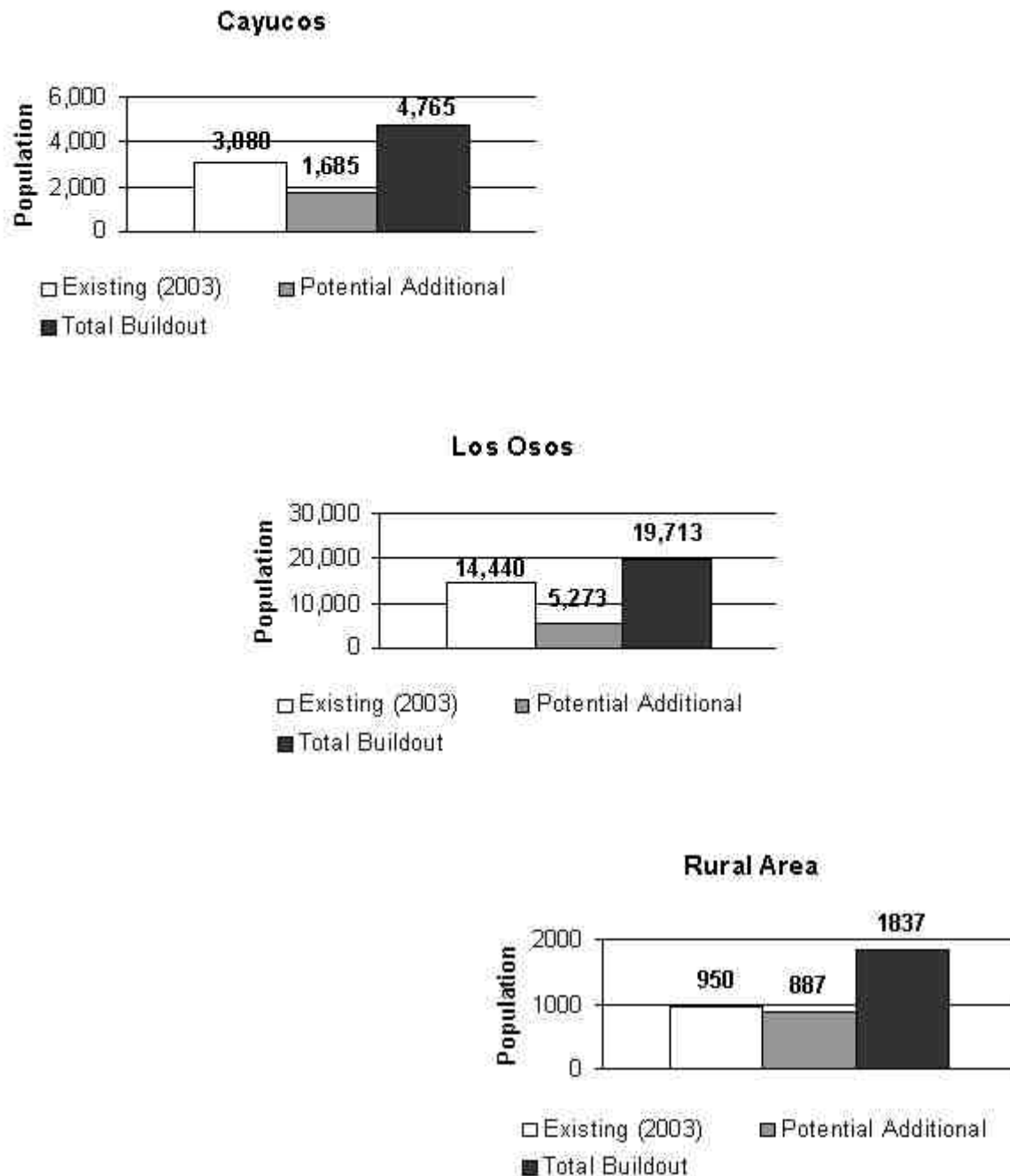
Household sizes in Los Osos and Cayucos are smaller than those in the county as a whole, but the rural area has a higher household size than the county average. In Los Osos, there are an average of 2.44 persons per occupied dwelling unit; in Cayucos, 2.09; and in the rural area, about 2.67. This compares to a county average of 2.66 persons per occupied dwelling unit.

C. Population Projections

The following figure and table A contains population projections for the entire planning area,; excerpted from countywide projections found in Table C of Framework for Planning. For illustration, Figure 2-7 shows existing population, and ranges of potential population at buildout. Table 2-5 gives population projections over the 20-year time-frame of this plan, and shows the relationship to buildout. Buildout is the estimated, likely maximum population that could result under the general plan. The estimates are adjusted to take into account limitations on development due to physical constraints and market demand. Nevertheless, buildout is only a theoretical estimate. Actual development may vary depending on a variety of factors. comparison, Table B contains the projected absorption capacity, which is the potential planning area population resulting from unconstrained growth and fully occupied development to the maximum permitted in each land use category. (Framework for Planning offers a more detailed discussion of absorption capacity).

The Cayucos Citizens Advisory Council and the Los Osos Community Advisory Council have both recommended establishing annual growth limitations for residential development within their urban reserve lines. The purposes of such limitations are to allow public services to keep pace with a moderate rate of new development and to reduce possible stresses on the economy caused by a "boom-and-bust" cycle that may occur with uncontrolled growth. Programs to accomplish the recommended growth limitations are described in Section III, Programs.

Figure 2-7: Existing Population and Theoretical Potential at Buildout



POPULATION AND ECONOMY: POPULATION PROJECTIONS

TABLE A - POPULATION PROJECTIONS ESTERO PLANNING AREA						
Year	Rural Area	South Bay	Morro Bay	Cayucos	Planning Area	% of County
1979	832	9,593	8,685	2,223	21,333	14.74
1980	852	10,381	8,876	2,292	22,401	14.96
1985	960	12,630	9,896	2,531	26,017	15.38
1990	1,080	14,220	10,926	2,775	29,001	15.63
1995	1,216	15,700	11,940	3,001	31,857	15.74
2000	1,369	17,334	13,047	3,246	34,996	15.88

POPULATION AND ECONOMY: POPULATION PROJECTIONS

Table 2-5: Estimated Growth and Buildout¹

AREA	2003	2005	2010	2015	2020	2022
Cayucos	3,080	3,220	3,610	4,050	4,530	4,765 buildout in 2022²
Los Osos	14,440	14,520	16,260	18,220	19,713 buildout in 2018³	19,713
Rural	950	990	1,110	1,250	1,400	1,460 1,837 buildout in 2031⁴
Planning Area	18,470	18,730	20,980	23,520	25,530	25,800 26,315 buildout in 2031
1	Population estimates assume 2.3% annual growth rate, except in Los Osos: assume 0.20% total population growth between 2002 and 2005 (the same rate as between 1997 and 2002); 2.3% per year thereafter					
2	Buildout estimate for Cayucos assumes 9.3% vacancy for existing development, 5% vacancy for future development, 2.09 persons per occupied dwelling unit					
3	Buildout estimate for Los Osos assumes 100% occupancy and 2.44 persons per occupied dwelling unit					
4	Buildout estimate for the rural area assumes 100% occupancy and 2.67 persons per occupied dwelling unit					

POPULATION AND ECONOMY: POPULATION PROJECTIONS

TABLE B - ABSORPTION CAPACITY¹ ESTERO PLANNING AREA				
Land Use Categories	Rural Area	South Bay	Cayucos	Total
Agricultural	1,900			1,900
Rural Lands	94			94
Residential Rural	104			104
Residential Suburban	280	1,956		2,236
Residential Single-Family		19,416	2,791	22,207
Residential Multi-Family		5,796	2,678	8,474
Office and Professional		1,512	171	1,685
ABSORPTION CAPACITY	2,378	28,688	5,642	36,708
Existing Population	852	10,381	2,292	13,525
POTENTIAL ADDED POPULATION	1,526	18,307	3,350	23,183

1. Potential population at buildout by land use category.

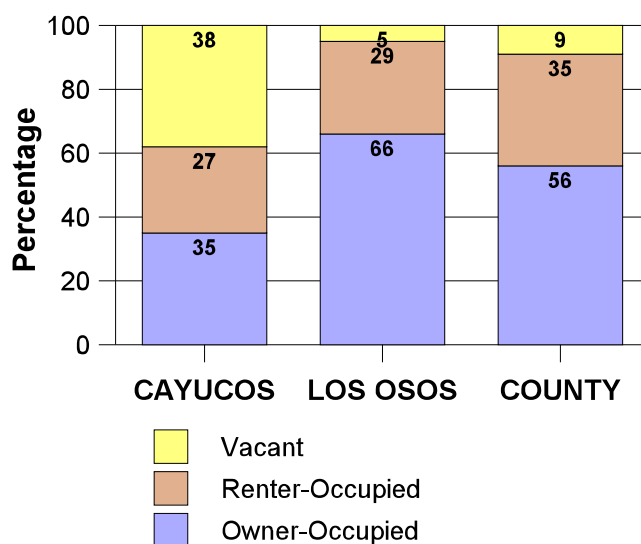
2. Does not include population of city of Morro Bay (8,876 in 1980).

D. Housing Vacancies and Occupancy Type

Figure 2-8 shows the percentages of vacant units in Cayucos, Los Osos and the county as a whole as of 2000. According to the 2000 U.S. Census of Population and Housing, Cayucos has a high percentage of vacant dwelling units compared to the county as a whole. This is largely due to a high level of seasonal use (about 33% of total units), which includes recreational and occasional use of dwellings. The vacancy rate in Cayucos is about 38%, compared to only about 5% in Los Osos and 9% in the county as a whole. The preceding vacancy rates apply to the month of April, when the survey was conducted by the U.S. Census; actual vacancy rates may vary throughout the year.

Figure 2-8 also shows the percentages of total dwelling units that are owner and renter-occupied. However, *when calculated as a percentage of occupied units only*, about 70% of the units in Los Osos are owner-occupied, compared to 57% in Cayucos and 62% in the county as a whole. The Los Osos figure is relatively high, due at least in part to the small percentage of multi-family housing in the community. The Cayucos figure is relatively low due to the high percentage of vacant units in that community.

Figure 2-8: Housing Occupancy Type and Vacancy Rates



Note: Percentages are based on total number of housing units
Source: 2000 Census of Population and Housing

III. PROGRAMS

"Programs" are recommended non-mandatory actions to achieve community or areawide objectives identified in this area plan. Implementation of each LUE program is the responsibility of the county or other public agency identified in the program itself and in the following table. Because programs (some of which include special studies) are recommended actions rather than mandatory requirements, implementation of any program should be based on consideration of community needs, community support and available funds.

The following programs relate to population and economy:

A. Cayucos

1. **Growth Management.** The county should amend Title 26, the Growth Management Ordinance, by limiting the annual rate of growth of dwelling units that can be built within the Cayucos urban reserve line to 2.3 percent (about 50 units in the first year).

B. Los Osos

1. **Growth Management.** The county should amend Title 26, the Growth Management Ordinance, by limiting the annual rate of growth of dwelling units that can be built within the urban reserve line to a level that is consistent with resources, services and infrastructure, not to exceed 2.3 percent.
2. **Economic Development Program.** The county should assist the community of Los Osos in preparing a comprehensive economic development program to promote the area's business potential, attract the best potential businesses to the area--especially those that create new jobs--encourage new investment in the community, retain existing businesses, and help existing businesses expand and stay in the area.

PROGRAMS: SCHEDULE FOR COMPLETING RECOMMENDED PROGRAMS

The following table summarizes the preceding recommended programs to be implemented by the county or other public agencies. In the table, the first column, "Topic/Program No.," identifies the program by its number in the preceding text. The second column, "Program," identifies the subject of the program. The column under "Responsible Agencies" lists which public and/or private agencies have primary responsibility for carrying out each program. The column, "Potential Program Funding," lists potential sources of funding for each program. The column, "Time Frame," identifies whether each program is expected to be carried out over a short, medium, or long-term period, or whether the program requires an on-going effort. The column, "Target Date," lists the estimated date by which each program should be implemented. The last column, "Priority," ranks each program according to whether it has a high, medium or low priority for implementation. This will help decision makers and the public decide how to allocate limited funds.

Table 2-6
Schedule for Completing Recommended Programs

TOPIC/ PRO- GRAM NO.	PROGRAM	RESPONSIBLE AGENCIES	POTENTIAL FUNDING	TIME FRAME	TARGET DATE	PRIORITY
CAYUCOS						
A1.	GROWTH MANAGEMNT-- CAYUCOS	CO. PLANNING, BOARD OF SUPERVISORS	NONE REQUIRED	SHORT TERM	2005	HIGH
LOS OSOS						
B1.	GROWTH MANAGEMNT-- LOS OSOS	CO. PLANNING, BOARD OF SUPERVISORS	NONE REQUIRED	SHORT TERM	2005	HIGH
B2.	ECONOMIC DEVELOPMENT PROGRAM	CO. PLANNING, ECONOMIC VITALITY CORPORATION	COMMUNITY, GENERAL FUND, CDBG	SHORT- MED.- TERM	2005+	HIGH
CO. PLANNING CDBG COUNTY DEPT. OF PLANNING AND BUILDING COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM						